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FM AMEMBASSY ANTANANARIVO  
TO RUEHC/SECSTATE WASHDC 0313  
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHDS/AMEMBASSY ADDIS ABABA 0068  
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS ANTANANARIVO 000892

SIPDIS

SENSITIVE  
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DEPT FOR AF/E - RMEYERS AND MBEYZEROV  
DEPT FOR EEB/ESC/IEC MAUEL AND HAENDLER  
DEPT FOR EEB/ESC/IEC/ENR HAYMOND  
ADDIS FOR LBRODEY  
PARIS FOR D'ELIA  
TREASURY FOR FBOYE

E.O. 12958: N/A

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SUBJECT: EITI: CAN MADAGASCAR AVOID THE RESOURCE CURSE?

REF: ANTAN 0587

1. (SBU) SUMMARY: Madagascar's Government and mining companies joined August 28 in making public declarations for the Extractive Industry Transparency Initiative (EITI). Much work remains for the GOM to meet all conditions, but the Presidency and Ministers of Energy and Mines are committed to moving stepwise down the EITI path. END SUMMARY.

2. (SBU) In subsequent meetings with the Ministers of Energy and Mines, the Ambassador lauded their efforts to join EITI. Each Minister acknowledged that much work remains, but confirmed the GOM is committed to transparency in managing revenues from Madagascar's resources. Both noted the Madagascar Action Plan (MAP) is an ambitious development strategy, one that must be efficiently and sustainably financed.

3. (U) Minister of Energy Patrick Ramiaramanana, Minister of Mines Olivier Donat Andriamhefamparany, and MAP Advisor at the Presidency Andry Ralijaona hosted a national conference on the Extractive Industries Transparency Initiative (EITI) August 28. A broad range of government, private sector, and civil society participants attended. The GOM officials expressed their intention to adhere to EITI principles and meet the four EITI conditions. Condition one, establishing an EITI committee, is complete. The conference itself met condition two. A draft work plan and budget has been written to meet condition three. And discussions are underway to name a task force chairman to meet the fourth condition. Minister Andriamhefamparany also noted EITI has several accounting and auditing requirements that must be worked out.

4. (U) The conference also served as an opportunity for the private sector to pledge its support for EITI principles in their operations in Madagascar. Representatives from five mining companies made official public "declarations" for EITI: Rio Tinto / QMM (ilmenite); ExxonMobil (offshore oil); Dynatech/Sheritt (nickel/cobalt); Madagascar Oil (onshore oil); and KROAMA (chrome). Minister of Energy Ramiaramanana closed the conference by joining these private sector operators in formally "declaring" Madagascar's adhesion to EITI.

5. (U) The public event allowed time for questions from civil society as to how EITI would work. The GOM emphasized its continued interest in combating corruption and guaranteeing transparency in order to meet development objectives. In response to a question, an industry representative explained the simple EITI basis that company reported payments and government reported revenues would be aggregated and compared by an independent body. Next steps include

finalizing the work plan and budget, naming a person to head the taskforce, and probably signing an MOU between the GOM, operators, and the independent auditor. Andry Ralijaona at the Presidency has been selected, but not officially named, to head the GOM's EITI efforts.

¶6. (SBU) COMMENT: The GOM appears to have accelerated on its course after telling us in June (reftel) that it would adhere to EITI but not rush to meet the August 31 deadline to join this year. Our German and Norwegian colleagues have had instructions from capital to join us in lobbying for quick action to join EITI in time for the upcoming move to a permanent secretariat in Oslo. END COMMENT.

MARQUARDT